



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 107th CONGRESS, SECOND SESSION

Vol. 148

WASHINGTON, TUESDAY, JULY 16, 2002

No. 96

House of Representatives

The House met at 10 a.m.

MORNING HOUR DEBATES

The SPEAKER. Pursuant to the order of the House of January 23, 2002, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority leader, the minority leader or the minority whip limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Oregon (Mr. DEFAZIO) for 5 minutes.

PRESIDENT BUSH NEEDS TO CLEAN HOUSE

Mr. DEFAZIO. Mr. Speaker, when President Bush came into office at his first Cabinet meeting, he said, I expect only one standard and that is the highest of ethical standards. I think many Americans breathed a sigh of relief with the idea that we were going to have an administration free of the drip, drip, drip of scandal of the past administration.

Unfortunately, not too long into the President's tenure, that began to become a bit unraveled, and yet the President has yet to ask for the resignation of any of the ethically challenged members of his administration.

One standout is Secretary White of the Army. Secretary White was a general retired, and then went to Enron for his retirement. We all know Enron. Previous to MCI WorldCom, the largest scandal and bankruptcy of financial mismanagement and phony book-keeping in the history of the United States. He headed the worst of Enron, Enron Energy Services. Not only was Enron Energy Services a total fraud, they never made a penny. In fact, they

lost billions of dollars while showing huge profits on the books with phony trades. They created things called Death Star, Get Shorty, Fat Boy and other cute names, sounds like maybe secret weapon systems, maybe the kind of thing Secretary White should know about, but he says he did not know a thing about all this phoniness, he was just the front guy, just the rainmaker, just bringing in business and walking away with \$60 million.

He also manipulated the West Coast energy market, destroying the economy of the Western United States. Oregon is in a deep recession in part because of a 40 percent unnecessary runup in our electric rates because of the shenanigans of Enron and other market manipulators.

Mr. White, who ran the part of Enron which did the market manipulation, says he did not know anything about that either, but he has compiled quite a stellar record since he has gone to be Secretary of the Army. He took a corporate jet to Aspen to sign papers to sell his \$6.5 million ski house which he bought with his ill-gotten gains from Enron. He forgot to meet the ethics requirements to get rid of his stock with Enron, some stock options he had, and yet the President has not called for his resignation.

Now we have a new task force. So Americans should rest easy. We have a new task force, which is headed by a gentleman called Larry D. Thompson, Deputy Attorney General. President Bush sat between Mr. Harvey Pitt, who I have talked about on the floor before, the ethically challenged head of the Securities and Exchange Commission who cannot vote because he is so compromised because of his past association with all of the people he is supposed to be investigating. It is a good deal for them because then he cannot convict them of anything and cannot fine them.

Then on the other side of the President was Mr. Thompson. He is the new

head of the so-called SWAT team which turns out instead to be a kind of a task force, low-key thing. We would not want to get too tough on corporate fraud.

Mr. Thompson has quite a bit of experience. He was on the board of Providian. Providian paid the largest penalties in the history of the United States. He was on the audit committee, on the board of directors, paid a pretty penny for this work, but Providian, during his tenure while he was on the audit committee and the board of directors, committed quite a bit of fraud and mismanagement and paid the largest ever penalties to the Comptroller of the Currency of the United States, \$105 million of penalties for fraud, mismanagement, and consumer abuse; not trivial.

They have also settled a \$38 million class action lawsuit, and there are other class action lawsuits pending. They are also being sued by their employees who said that Mr. Thompson and other members of the board of directors and executives at Providian told them to put more stock in their 401(k)s while they were secretly dumping their own stock. This is our new chief corporate watchdog of the so-called SWAT team.

To return to Mr. Pitt, Mr. Pitt, head of the Securities and Exchange Commission, who the President also has expressed utmost confidence in, cannot vote on many enforcement actions of his agency because he, in fact, was not the lawyer for but the lobbyist for, and sometimes the lawyer of, many of these same firms who today it is being shown have caused this horrible scandal in the United States. Arthur Andersen was one of his prominent clients. MCI WorldCom was another of his clients and many others.

If the President really wants to put some meaning behind this statement, and I am all for it, and that is, the one standard and the highest of ethical

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



Printed on recycled paper.

H4677

standards, he needs to start to clean house. He needs to get rid of some of these extraordinarily, ethically challenged members of his administration who profited by tens of millions or hundreds of millions of dollars while Americans saw their pensions and their investments go down the drain.

Start in the administration.

NATIONAL ENERGY POLICY

The SPEAKER pro tempore (Mr. BALLENGER). Pursuant to the order of the House of January 23, 2002, the gentleman from Illinois (Mr. SHIMKUS) is recognized during morning hour debates for 2 minutes.

Mr. SHIMKUS. Mr. Speaker, I want to take this opportunity to talk about the need for a national energy policy and push the conferees to move. We all know that we have an overreliance on foreign oil. That is why we need to push for the renewable portfolio presented in the Senate bill. We need to protect our marginal wells, and we need the development of ANWR.

We all know that we need to increase our electricity generation. That is why we need to continue to push for the use of natural gas in generation. We need to support and focus on clean coal technology and continue the use of nuclear generation which is very clean to the environment.

The national grid is also a concern. We need to continue to expand the national grid; hence, the need to move the electricity title of this bill.

Energy independence will drive down costs across the board and decrease costs. It will help create jobs and help the economy to continue to move forward. Eighty-four percent of all Americans say in a recent poll that we must not leave, we being legislators here in Washington, that we must not leave Washington without the enactment of a national energy plan. I am one that agrees with this poll.

CORPORATE GREED

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Ohio (Mr. BROWN) is recognized during morning hour debates for 5 minutes.

Mr. BROWN of Ohio. Mr. Speaker, the fact that the Bush administration has close ties to industry is not, in and of itself, a problem. Part of the administration's job, to be sure, is to support American business as long as doing so coincides with what is best for the American people and does not compromise the principles and the values upon which this Nation was built. With the Bush administration, that is where the problem arises.

The interests of the American people should outweigh the interests of individual industry. Too often, with this administration, industry prevails regardless of the impact on consumers. One of the most disturbing examples of priorities run amok is the administra-

tion's kid glove treatment of the pharmaceutical industry.

Last year prescription drug costs increased in this country 17 percent while the overall inflation rate was only 1.6 percent. Rising drug costs fueled double-digit increases in the health insurance premiums. Rising drug costs are putting State budgets in the red. Rising drug costs are bankrupting seniors on fixed incomes. Rising drug costs are costing American business literally billions of dollars.

The Bush administration's response to this situation? Well, they spent the last couple of months putting together a study arguing that American consumers, get this, American consumers must continue to pay the highest prices of any country in the world for prescription drugs because, if we do not, medical research and development from the drug industry will dry up. The study is available at www.hhs.gov. I encourage every Member of Congress and every voter to read it. If my colleagues had any questions about how closely aligned this Republican administration is with the big drug companies, this study makes it clear they are in lock step.

I wonder if it is any coincidence that this study came out of the Department of Health and Human Services planning office which is managed by a former employee of the drug industry. This study, which quotes drug industry-backed experts and trivializes the attempts of every other industrialized nation to secure lower drug prices, says that the best bet for American consumers is the status quo. We do not want to change. Drug prices keep going up.

Private insurance strategies to reduce costs are okay, it says, but anything more aggressive than that will stop R&D in its tracks, the drug industry, I mean HHS, warns us.

The drug industry does not mind private insurance strategies, because these strategies have not prevented double-digit increases in prescription drug spending, but if we go any farther, the drug industry, I mean the administration warns us we will be responsible for killing research and development.

Drug makers topped all three measures of profitability for 2001, return investment, return equity, return on sales almost every year. By far the most profitable industry in America. They pay the lowest tax rate of any industry in America.

The overall profits of Fortune 500 companies went down 53 percent in 2001. Drug profits went up 33 percent in 2001. They spend twice as much on marketing as they do on research and development. U.S. tax dollars finance almost half the R&D through the National Institutes of Health in this country, but American consumers are thanked and should be grateful when they pay twice and three times and four times what prescription drug consumers in any other country in the world pay.

Regardless of whether this administration thinks the cost control methods other countries have used are good or bad, how could it possibly be in America's seniors' interests, in American prescription drug users' interests for our administration to say to drug makers, as they said, price your products however you want, there is just nothing we can do about it?

Congress today is debating competing drug coverage proposals. The Bush administration and the drug industry support the same proposal. They helped each other write it. It is the Republican bill, the one that forces seniors to go outside of Medicare to turn to prescription drug insurance HMOs to purchase private drug plans, the one that cuts costs not by bringing prices down but by offering the benefit that is only half as generous as Members of Congress receive.

□ 1015

That is the point. The drug benefit in the Republican plan is only half as good as the one that Members of Congress receive.

The drug industry recently financed a \$3 million ad campaign touting the Republican bill. The Bush administration recently released a study saying that the best seniors can hope for is the Republican bill, because the Federal Government would rather provide a bare-bones drug coverage than stand up to the drug industry and demand lower prices, something that Republicans will not do, something President Bush will not do, because the drug industry does not want them to do it. Where do the best interests of American consumers fit into this picture?

GOVERNMENT ACCOUNTABILITY

The SPEAKER pro tempore (Mr. BALLENGER). Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, it has come to my attention that as we talk about corporate accountability, maybe it is an appropriate time to talk about government accountability. If corporations did what government has been doing, they would be chastised and probably sent to jail. Let us take this opportunity to start reviewing what government does in terms of accountability, in terms of honesty with the American people, who are really, the investors and stockholders in government.

The taxpayers of this Nation send their money to Washington and then, guess what happens? We do not do a very good job and we're not being honest with the public. There is a lot of hoodwinking. Let me give a few examples.

The Social Security trust fund. Actually, there is no trust fund. It is an accounting gimmick where there are IOUs given to the Social Security Administration with the provision that